

Message Text

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PAGE 01 LOME 00710 120220 Z

73

ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ADP-00 AID-20 CIAE-00 COME-00

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CIEP-02 LAB-06 SIL-01 OMB-01 SCEM-02 INT-08 RSR-01

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R 111210 Z APR 73

FM AMEMBASSY LOME

TO SECSTATE WASHDC 6164

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY BONN

AMEMBASSY COTONOU

AMEMBASSY LAGOS

/ AMEMBASSY LONDON 111

AMEMBASSY NIAMEY

AMEMBASSY OUAGADOUGOU

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E. O. 11652: N/ A

TAGS: ENRG, TO

SUBJ: CONSTRUCTION OF TOGOLESE OIL REFINERY BEGINS

REF: A. LOME A-70, DECEMBER 9, 1971; B. LOME 517 .

1. SUMMARY: CONSTRUCTION OF 1 MILLION TON/ YEAR, 20,000 BBL/ DAY PETROLEUM REFINERY BEGAN APRIL 10. REFINERY TO BE BUILT BY TWO BRITISH FIRMS, FINANCED BY 9.1 MILLION POUND BRITISH LOAN. AN AMERICAN FIRM, PLANET OIL AND MINERAL CORP, HAS CONTRACTED TO MANAGE OPERATIONS. GERMAN FIRM WEISSER KG. GUARANTEES GOT IT WILL BUY ALL PRODUCTION TOGO DOES NOT USE.

2. PLANET OIL REP W. STROBEL HAS GIVEN EMBASSY UPDATE ON PLANS TO BUILD MILLION TON PER YEAR PETROLEUM REFINERY IN TOGO. BRITISH FIRMS HUMPHREYS AND GLASGOW IN ASSOCIATION WITH
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PAGE 02 LOME 00710 120220 Z

WILLIAM PRESS LTD. SLATED TO CONSTRUCT 7 BILLION CFA PROJECT WITH 6 BILLION CFA NATIONAL WESTMINSTER BANK LOAN TO GOT. PLANET OIL HAS 10 YEAR CONTRACT TO MANAGE REFINERY OPERATIONS WHICH WILL PRODUCE MAXIMUM 20,000 BBLS/ DAY OF WHICH 4,000 BBLS WILL BE FOR TOGOLESE CONSUMPTION, AND REST WILL BE EXPORTED TO EUROPE AND U. S. STROBEL SAYS U. S. MARKET WILL ABSORB HIGH- QUALITY, LOW SULFUR FUEL OIL WHILE EUROPE WILL TAKE GASOLINE AND OTHER POL PRODUCTS. GERMAN FIRM WEISSER KG. HAS AGREED TO BUY ALL REFINERY OUTPUT WHICH TOGO CANNOT SELL ELSEWHERE, INSURING CAPACITY PRODUCTION FOR REFINERY. WHEN QUESTIONED ON THIS POINT, STROBEL SAID OIL EXPERTS HAVE PREDICTED 8 MILLION BBL/ DAY SHORTAGE OF REFINERY CAPACITY BY 1976 WHICH MAKES SUCH A REFINERY ECONOMICALLY VIABLE.

3. PLANET PREFERS IMPORT CRUDE OIL FROM NIGERIA BUT HAS ENCOUNTERED DIFFICULTIES WITH NIGERIAN OIL CORP. WHICH REPORTS GOT HAS ASKED FOR UNREASONABLE PRICE CONCESSIONS. TOGOLESE WILL PROBABLY DROP CONCESSION DEMANDS BUT WILL ASK FOR 180 DAY CREDIT TERMS INSTEAD. SHOULD GOT AND NIGERIA BE UNABLE TO REACH AGREEMENT, ALGERIA IS CONSIDERED AS ALTERNATE SOURCE. STROBEL CLAIMS THIS ECONOMICALLY FEASIBLE AS TANKERS CAN CARRY AT MINIMAL COST SMALL AMOUNT CRUDE REQUIRED FOR TOGO PLANT EN ROUTE FROM MEDITERRANEAN TO PERSIAN GULF, PASSAGE WHICH THEY WOULD OTHERWISE MAKE IN BALLAST.

3. INITIAL SURVEYING AND SITE CLEARING WORK BEGINNING IMMEDIATELY. OFFICIAL FLAG RAISING CEREMONY SCHEDULED APRIL 26, 1973. REFINERY EXPECTED TO BEGIN OPERATIONS JAN 1976. PROJECT LINKED WITH PORT EXPANSION (REF B) CALLING FOR TWO TANKER BERTHS ON EXTENDED BULK MINERALS PIER. REFINERY WILL REQUIRE 200 EXPATRIATES, MAINLY EUROPEAN, AND 700 LOCALS FOR CONSTRUCTION. ONE HUNDRED FIFTY- FOUR PERMANENT EMPLOYEES WILL BE NEEDED TO OPERATE REFINERY, OF WHICH 16, IN MANAGEMENT POSITIONS WILL BE NON- TOGOLESE. PLANET EXPECTS EXPATRIATE MANAGEMENT TO BE PHASED OUT IN FAVOR OF TOGOLESE WITHIN 3 TO 5 YEARS PERIOD AFTER FULL OPERATIONS COMMENCE.

4. COMMENT: WHILE PROJECT ESSENTIALLY BRITISH IN NATURE, PLANET OIL INPUT ADDS TO EMBASSY INTEREST. IF PROJECTED REFINED OIL SHORTAGE IS AS STATED AND WEISSER GUARANTEED PURCHASES HOLD AS PROMISED, PROJECT APPEARS VIABLE. LOCAL AND REGIONAL MARKETS IN WEST AFRICA, HOWEVER, INSUFFICIENT TO LIMITED OFFICIAL USE

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PAGE 03 LOME 00710 120220 Z

ABSORB TOGOLESE PRODUCTION, ESPECIALLY IN VIEW OF EXISTING

REFINERIES OR PROPOSED PROJECTS IN NEIGHBORING
COUNTRIES.
DICKINSON

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*** Current Classification *** LIMITED OFFICIAL USE

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